

# HOUSE BILL No. 1321

---

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-10-21-6; IC 36-7-33.

**Synopsis:** Convention and visitor development area. Authorizes the metropolitan development commission in Marion County to establish a convention and visitor development area to allocate certain covered taxes to the acquisition, construction, improving, and equipping of a capital improvement that is used for the convention and visitor industry.

**Effective:** July 1, 2004.

---

---

**Mahern**

---

---

January 15, 2004, read first time and referred to Committee on Ways and Means.

---

---

C  
o  
p  
y



Introduced

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

## HOUSE BILL No. 1321

---

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 4-10-21-6, AS ADDED BY P.L.192-2002(ss),  
2       SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       JULY 1, 2004]: Sec. 6. The following expenditures that would  
4       otherwise be subject to this chapter shall be excluded from all  
5       computations and determinations related to a state spending cap:

6       (1) Expenditures derived from money deposited in the state  
7       general fund, the property tax replacement fund, and the  
8       counter-cyclical revenue and economic stabilization fund from  
9       any of the following:

- 10       (A) Gifts.  
11       (B) Federal funds.  
12       (C) Dedicated funds.  
13       (D) Intergovernmental transfers.  
14       (E) Damage awards.  
15       (F) Property sales.

16       (2) Expenditures for any of the following:

- 17       (A) Transfers of money among the state general fund, the

C  
o  
p  
y



property tax replacement fund, and the counter-cyclical revenue and economic stabilization fund.

(B) Reserve fund deposits.

(C) Refunds of intergovernmental transfers.

(D) Payment of judgments against the state and settlement payments made to avoid a judgment against the state, other than a judgment or settlement payment for failure to pay a contractual obligation or a personnel expenditure.

(E) Distributions or allocations of state tax revenues to a unit of local government under IC 36-7-13, IC 36-7-26, IC 36-7-27, IC 36-7-31, or IC 36-7-31.3, or **IC 36-7-33**.

(F) Motor vehicle excise tax replacement payments that are derived from amounts transferred to the state general fund from the lottery and gaming surplus account of the build Indiana fund.

(G) Distributions of state tax revenues collected under IC 7.1 that are payable to cities and towns.

SECTION 2. IC 36-7-33 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER [EFFECTIVE JULY 1, 2004]:

**Chapter 33. Convention and Visitor Development Area in a County Containing a Consolidated City**

**Sec. 1. This chapter applies only to a county having a consolidated city.**

**Sec. 2. As used in this chapter, "capital improvement board" refers to the capital improvement board of managers established by IC 36-10-9-3.**

**Sec. 3. As used in this chapter, "commission" refers to the metropolitan development commission acting as the redevelopment commission of a consolidated city.**

**Sec. 4. As used in this chapter, "covered taxes" means the following:**

**(1) The state gross retail tax imposed under IC 6-2.5-2-1 or use tax imposed under IC 6-2.5-3-2.**

**(2) A county option income tax imposed under IC 6-3.5-6.**

**(3) An innkeeper's tax imposed under IC 6-9.**

**Sec. 5. As used in this chapter, "department" refers to the department of state revenue.**

**Sec. 6. As used in this chapter, "fund" refers to the convention and visitor development area fund for the county established by section 11 of this chapter.**

**Sec. 7. As used in this chapter, "tax area" means a geographic area established by a commission as a convention and visitor**

**C  
o  
p  
y**



development area under this chapter.

Sec. 8. (a) The commission may initially establish a convention and visitor development area as a tax area before July 1, 2008, according to the procedures set forth in IC 36-7-15.1 for the establishment of an economic development area. A tax area may be changed or the terms governing the tax area revised in the same manner as the establishment of the initial tax area.

(b) Notwithstanding subsection (a), in establishing the tax area, the commission must make the following findings instead of the findings required for the establishment of an economic development area:

(1) The cost of the improvements designated in the resolution adopted under section 9 of this chapter exceeds five million dollars (\$5,000,000).

(2) The improvements to be undertaken will promote tourism and the convention and visitor industry and serve the commercial and cultural interests of Indiana and its citizens.

(3) The improvements to be undertaken are economically sound and will benefit the public health and welfare and will be of public utility and benefit.

(4) The improvements to be undertaken will protect or increase state and local tax bases and tax revenues.

(c) The tax area established by the commission under this chapter is a special taxing district authorized by the general assembly to enable the county to provide special benefits to taxpayers in the tax area by promoting economic development that is of public use and benefit.

(d) A tax area may contain noncontiguous tracts of land within the county.

Sec. 9. (a) A tax area must be established by resolution of the commission. A resolution establishing a tax area must include a provision for the allocation of covered taxes collected in the tax area to the fund established under section 11 of this chapter. The allocation provision must apply to the entire tax area. The resolution must provide that the tax area terminates not later than December 31, 2040.

(b) The total amount of state revenue captured by the tax area may not exceed ten million dollars (\$10,000,000) per year for thirty-six (36) consecutive years.

(c) The resolution establishing a tax area must designate the improvements to be undertaken in the tax area, which must include the acquisition, construction, expansion, renovation, or equipping

C  
o  
p  
y



(or any combination of these) of a hotel or similar facility serving the convention and visitor industry, and the anticipated cost of the improvements.

(d) Covered taxes shall be allocated to the fund on a date set forth in the resolution of the commission, which shall be the first day of the calendar month not earlier than sixty (60) days after adoption of the resolution.

(e) The department may adopt rules under IC 4-22-2 and guidelines to govern the allocation of covered taxes to a tax area.

Sec. 10. The commission shall notify the department by certified mail of the adoption of a resolution under section 9 of this chapter and shall include with the notification a complete list of the following:

(1) Employers in the tax area.

(2) Street names and the range of street numbers of each street in the tax area.

The commission shall update the list before July 1 of each year.

Sec. 11. A convention and visitor development area fund for the county is established. The fund shall be administered by the department. Money in the fund does not revert to the state general fund at the end of a state fiscal year.

Sec. 12. Covered taxes attributable to a tax area established under this chapter shall be deposited in the fund.

Sec. 13. On or before the twentieth day of each month, all amounts held in the fund shall be distributed to the capital improvement board.

Sec. 14. The department shall notify the county auditor of the amount of covered taxes to be distributed to the capital improvement board.

Sec. 15. All distributions from the fund shall be made by warrants issued by the auditor of state to the treasurer of state ordering the payments to the capital improvement board.

Sec. 16. The capital improvement board may use money distributed from the fund for one (1) or more of the following purposes:

(1) Acquisition, construction, improving, and equipping of a capital improvement that is used for the convention and visitor industry, including the financing or refinancing of a capital improvement or the payment of lease payments for a capital improvement.

(2) Deposit to a special fund or account of the commission for the acquisition, construction, improving, or equipping of a

**C  
o  
p  
y**



1 local public improvement in or serving the tax area, including  
 2 the financing or refinancing of a local public improvement or  
 3 the payment of lease payments for a local public  
 4 improvement.

5 Sec. 17. The capital improvement board shall repay to the fund  
 6 any amount that is distributed to the capital improvement board  
 7 and used for a purpose that is not described in section 16 of this  
 8 chapter. The department shall distribute the covered taxes repaid  
 9 to the fund under this section proportionately to the funds and the  
 10 political subdivisions that would have received the covered taxes if  
 11 the covered taxes had not been allocated to the tax area under this  
 12 chapter.

13 Sec. 18. The general assembly covenants that this chapter will  
 14 not be repealed or amended in any manner that will adversely  
 15 affect the owners of bonds secured in any manner by covered taxes  
 16 allocated under this chapter. This chapter expires December 31,  
 17 2040.

18 SECTION 3. [EFFECTIVE JULY 1, 2004] The general assembly  
 19 finds the following:

20 (1) Tourism and the convention and visitor business are  
 21 critical to successful economic development in a consolidated  
 22 city.

23 (2) Substantial opportunities exist for a consolidated city, by  
 24 virtue of its size and population, to attract convention and  
 25 visitor business if sufficient convention and visitor facilities  
 26 and related infrastructure are developed and available.

27 (3) The promotion of tourism and the convention and visitor  
 28 business in a consolidated city poses unique challenges due to  
 29 the need for development of substantial public and private  
 30 convention and visitor facilities and related infrastructure  
 31 necessary to attract conventions, trade shows, and other  
 32 events to a consolidated city.

33 (4) Encouragement of economic development, including  
 34 promotion of tourism and the convention and visitor business  
 35 in a consolidated city, will:

36 (A) generate significant economic activity, a substantial  
 37 portion of which results from persons residing outside  
 38 Indiana, which may attract new businesses and encourage  
 39 existing businesses to remain or expand in a consolidated  
 40 city;

41 (B) promote a consolidated city to residents outside  
 42 Indiana, which may attract residents outside Indiana and

C  
o  
p  
y



- 1 new businesses to relocate to a consolidated city;  
2 (C) protect and increase the state and local tax revenues;  
3 and  
4 (D) encourage overall economic growth in a consolidated  
5 city and in Indiana.  
6 (5) A consolidated city faces unique challenges in the  
7 development of infrastructure and other facilities necessary  
8 to promote economic development as a result of its need to  
9 rely on sources of revenue other than property taxes, due to  
10 the large number of tax exempt properties located in a  
11 consolidated city because a consolidated city is the location of  
12 government facilities, the home to multiple institutions of  
13 higher education, and the site of numerous state and regional  
14 nonprofit corporations.  
15 (6) Economic development, including promotion of tourism  
16 and the convention and visitor business, benefit the health and  
17 welfare of the people of Indiana, are public uses and purposes  
18 for which public money may be spent, and are of public utility  
19 and benefit.  
20 (7) The purpose of this act is to provide additional means for  
21 a consolidated city to develop and finance substantial  
22 convention and visitor facilities in order to encourage  
23 economic development, including promotion of tourism and  
24 the convention and visitor business, in a consolidated city.

C  
o  
p  
y

